

**MAN KHURSHEED:** (a) and (b). The new Export & Import Policy for 1992-97 does not allow any Special dispensation in the case of direct foreign investment for import of Capital Goods. Under the Current Policy, Capital Goods may be imported without any restriction except to the extent such imports are regulated by the Negative List of Imports or any other Provision of this Policy or any other law for the time being in force.

**RBI's Transaction with Banks for receiving Foreign Currency Deposits**

**6957. SHRI GEORGE FERNANDES:**

- Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has decided to enter into swap transactions with banks of its discretion for receiving foreign currency deposits at appropriate rates of interest; and

(b) if so, the details thereof?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR):** (a) and (b). The swap and deposit transactions are distinct from each other. Swap operations are undertaken by the Reserve Bank of India under which the RBI buys spot U.S. Dollars from the Authorised Dealers and simultaneously agrees to sell forward the same U.S. Dollar amount at a future date. The rates of exchange for spot and forward date deals are different. The Reserve Bank of India undertakes such swap deals with the Authorised Dealers at its discretion. Under the foreign currency deposit system, the Reserve Bank of India has opened a Dollar deposit window with effect from 25th March, 1992. Under this the Authorised Dealers are able to place funds in interest bearing U.S. Dollar deposits with RBI for periods of one month and above.

[Translation]

**Launching of NAG Missile**

**6958. SHRI RAJVEER SINGH:** Will the Minister of DEFENCE be pleased to state:

(a) the number of tests undertaken till date for successful launching of the NAG missile;

(b) the details of the expenditure incurred on these tests;

(c) whether any test is yet to be conducted;

(d) if so, the details thereof; and

(e) the time by which the missile is to be delivered to the services?

**THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI S. KRISHNA KUMAR):** (a) Nine flight trials of NAG missile have been undertaken so far to prove various sub-systems.

(b) Rs. 100 lakhs, approx.

(c) and (d). Some more flight trials are planned to be undertaken during the coming three years.

(e) NAG missile is expected to enter the production phase in 1995 after users' trials.

[English]

**Balance of Payments**

**6959. SHRI BHAGEY GOBARDHAN:** Will the Minister of FINANCE be pleased to state:

(a) the safe amount of the foreign ex-

change reserves that should be available constantly with our country;

(b) the time frame required for building up such a reserve, independent of external loans and NRI deposits; and

(c) the possibility and means of striking favourable Balance of Payments in the coming five years?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESH WARTHAKUR):** (a) Conventionally, the safe amount of foreign exchange reserves that should be maintained by a country is taken to be the equivalent of the value of imports for three month.

(b) Level of reserves at a particular time is the net result of all the transactions in the external sector and can not be measured independent of loans or NRI deposit transactions.

(c) There is little likelihood of the country achieving a surplus on the current account of the balance of payments in the coming five years.

#### Non-Performing Assets in Banks

**6960. SHRI BHAGEY GOBARDHAN:** Will the Minister of FINANCE be pleased to state:

(a) the gross profit vis-a-vis net profit of all public sector banks during 1990-91;

(b) the analysis of the difference between the gross profit and net profit of the same banks during the above period;

(c) what constitutes the non-performing assets portfolio of these banks;

(d) whether the difference between the gross and net profits in each case is ac-

counted for by the non-performing assets; and

(e) the steps taken to check proliferation of non-performing assets?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH):** (a) and (b). All public sector banks are required to prepare their balance sheet and profit and loss account in the forms set out in the Third Schedule of the Banking Regulation Act, 1949. Banks, therefore, show profit as per form B of the Third Schedule of the said Act under the item 'Balance of Profit'. A statement of profits as shown by public sector banks in their profit and loss accounts for the year 1990-91 is annexed.

(c) and (d). Non-performing assets constitute those advances on which banks, as per the guidelines of Reserve Bank of India do not charge interest. In the profit and loss account, banks show income, after making usual and necessary provisions including provisions for bad and doubtful debts.

(e) Government and the Reserve Bank of India (RBI) have been impressing upon the banks the need to strengthen their machinery for credit appraisal and for exercising effective supervision and control over the advances made. The banks have also been advised to evolve a strict time discipline so that irregular and sick accounts are discovered early and effective measures taken to reduce the portfolio of non-performing assets and incidence of bad debts. RBI have also advised the banks to institute a system of classification of advances into distinct categories according to health of advances at a given point of time for the purpose of their effective monitoring and follow up.